



Digital Video Systems, Inc.

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For Immediate Release

***DIGITAL VIDEO SYSTEMS, INC. TO ENTER THE INDIA MARKET
Subsidiary Formed for Production and Product Development in India***

PALO ALTO, Calif., July 8, 2003 - Digital Video Systems, Inc. (Nasdaq: DVID) announced today that it has initiated the formation of Digital Video India.

The Company believes that the India venture will compliment DVS's operations in Korea and China and will enable the Company to use its intellectual property both to pursue existing opportunities in the DVD player market and future opportunities created by the adoption of the new HDTV and MPEG-4 standards. The Company is attracted to India by the pool of high-level engineering talent for product development, as well as the size of India's domestic market.

The Company's Board of Directors has allocated funds from the Company's recently announced private placement of Common Stock to provide seed level funding, and expects that additional funds will be raised, when and as needed, through affiliations in India and other capital sources worldwide. Initial staffing of the Company's India venture has already commenced and Digital Video India intends to begin operations in Bangalore, India, before the end of July.

Safe Harbor

All statements in this press release that are not statements of historical fact are forward-looking statements, including the statement that the offering is expected to close within two business days. These statements are based on expectations and assumptions as of the date of this press release and are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. The risks and uncertainties include the ability of the Company and the investors to comply with certain conditions to closing as set forth in the definitive agreements. Digital Video Systems, Inc. assumes no obligation to update these forward-looking statements, and does not intend to do so.

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